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PERSIAN GULF:

Situation Report

Iranian Naval Operations

50 small boats Khark Island. (b)(3)

The Iranian naval activity may be associated with a plan to attack Saudi and Kuwaiti oil facilities in the northern Persian Gulf.

Tanker War

Last month the number of ship attacks reached a new high in the three-year-old tanker war in the Gulf, but shipping traffic has not been significantly reduced. Shipping sources say that speedboats attacked and set ablaze an Indian tanker in the southern Gulf early this morning. Iranian gunboats attacked a Liberian and a Japanese tanker late Wednesday, according to shipping sources, bringing the number of ships attacked by Iran in September to 14. Iraq attacked 12 ships last month, most of them at or near Iran's Knark Island oil terminal. Iranian gunboats attacked a Pakistani tanker yesterday, while Iraqi aircraft hit an Australian shrimp boat, according to press reporting.

The level of ship attacks in the Gulf is likely to fluctuate as Iran and Iraq try to match their political and diplomatic requirements with their military capabilities. The higher level of Iraqi attacks that occurred after the de facto cease-fires in July and August reflects Baghdad's attempt to keep international attention on the Gulf and on UN efforts to end the war. Conversely, Tehran hopes its retaliatory

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attacks will persuade the Gulf Arabs that the presence of foreign navies—and particularly the US Navy—in the region is responsible for the increasing threat to shipping. For the near term, the level of ship attacks probably will remain high.

Oil export volumes probably will not be significantly affected by the recent spate of ship attacks because there is a worldwide surplus of oil tankers and most shipowners are still willing to transit the Gulf.